



Stanford eCorner

Opportunity Assessment: Lord of the Rings

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Kim talks about how in November 2001, the value proposition for Lord of the Rings was mixed. There was no movie yet and movie producer Peter Jackson had a questionable record. There was a lot of uncertainty over the successful prospect of the movies. However, the core team took an entrepreneurial attitude and decided to see what they could make of the opportunity.



Transcript

I'm going to give you a little review about where we were at in November 2001 just so you know what that experience was like. The value proposition for Lord of the Rings in November 2001 was mixed. There was no movie that had come out at that time and there was a big question mark around Peter Jackson. I mean all of this is written history so now that's kind of like, "That's crazy." But at that time Peter Jackson was this sort of kiwi director who had done like really weird bee movies which some of them I'm a really big fan of Peter Jackson at that point but this was a big question mark. The cast was also sort of a big mess. And also there was split rights. Vendi one of our competitors actually had rights for the book and we had the rights for the movie. And traditionally if you have the book rights, you have a lot more to do in games. If you have the movie rights, it's much more linear. And also, all movie games are crap and that's something we try to prove wrong.

Also at that time that game was already in development for a year and it was being developed by a third-party developer and they had already gone through their entire development budget. The opportunity there was 50 million for the business and a lot of people were like just riding off Lord of the Rings. They're just like, "You know what? It's not going to be big." And we were like, "Whoa! This is going to be big and we're missing a huge opportunity." And that's where the entrepreneurialism came in. What could you do if this was managed well? What was the Lord of the Rings opportunity? So we started with five people and basically we had to figure out a way to take that \$50 million business and turn it into another \$150 million business and hopefully turn it into a half-a-billion dollar business. And in a perennial, who knows Nick? We might be able to do Lord of the Rings until our great grand children gets sick of it. That's sort of what we're hoping.